INVESTMENT REPORT

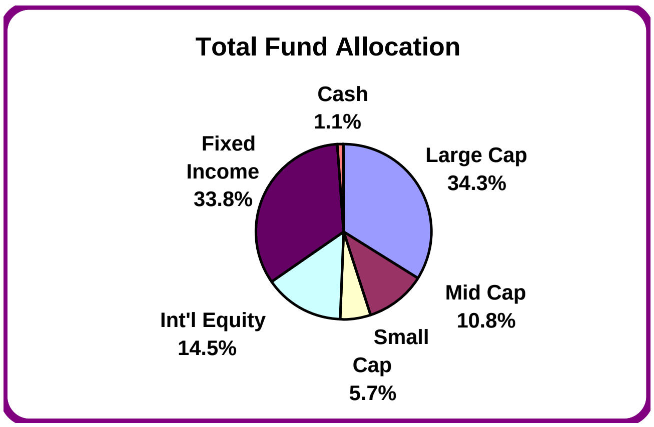
Preliminary Report (gross of fees & certain income accruals) | September 30, 2008

Current Value of the Fund	$	1,017,439,068
Investment Change in Market Value FYTD	$	(108,515,933)
Net Contributions FYTD	$	7,124,930
Fiscal Year-to-Date Returns		-9.7%
Month-to-Date Returns		-8.6%

Sep-08		**Fiscal Year to Date**		**Last Three Years**	
Total Fund	-8.6%	***Total Fund***	-9.7%	***Total Fund***	2.9%
Benchmark	-7.8%	**Benchmark**	-8.4%	**Benchmark**	1.7%
U.S Equity	-10.0%	***U.S Equity***	-9.8%	***U.S Equity***	1.2%
Benchmark	-9.4%	**Benchmark**	-8.7%	**Benchmark**	0.3%
Int'l Equity	-14.8%	***Int'l Equity***	-22.9%	***Int'l Equity***	5.2%
Benchmark	-15.0%	**Benchmark**	-21.9%	**Benchmark**	0.5%
Fixed Income	-1.3%	***Fixed Income***	-0.5%	***Fixed Income***	4.2%
Benchmark	-1.3%	**Benchmark**	-0.5%	**Benchmark**	4.2%

Asset Allocation

	Mkt Value	% Alloc
Domestic Equity	**$ 515.3**	**50.6%**
Large Cap	$ 345.0	33.9%
Mid Cap	$ 112.0	11.0%
Small Cap	$ 58.4	5.7%
Int'l Equity	**$ 147.5**	**14.5%**
Fixed Income	**$ 343.5**	**33.8%**
Cash	**$ 11.0**	**1.1%**
Total Fund	**$ 1,017.4**	**100.0%**



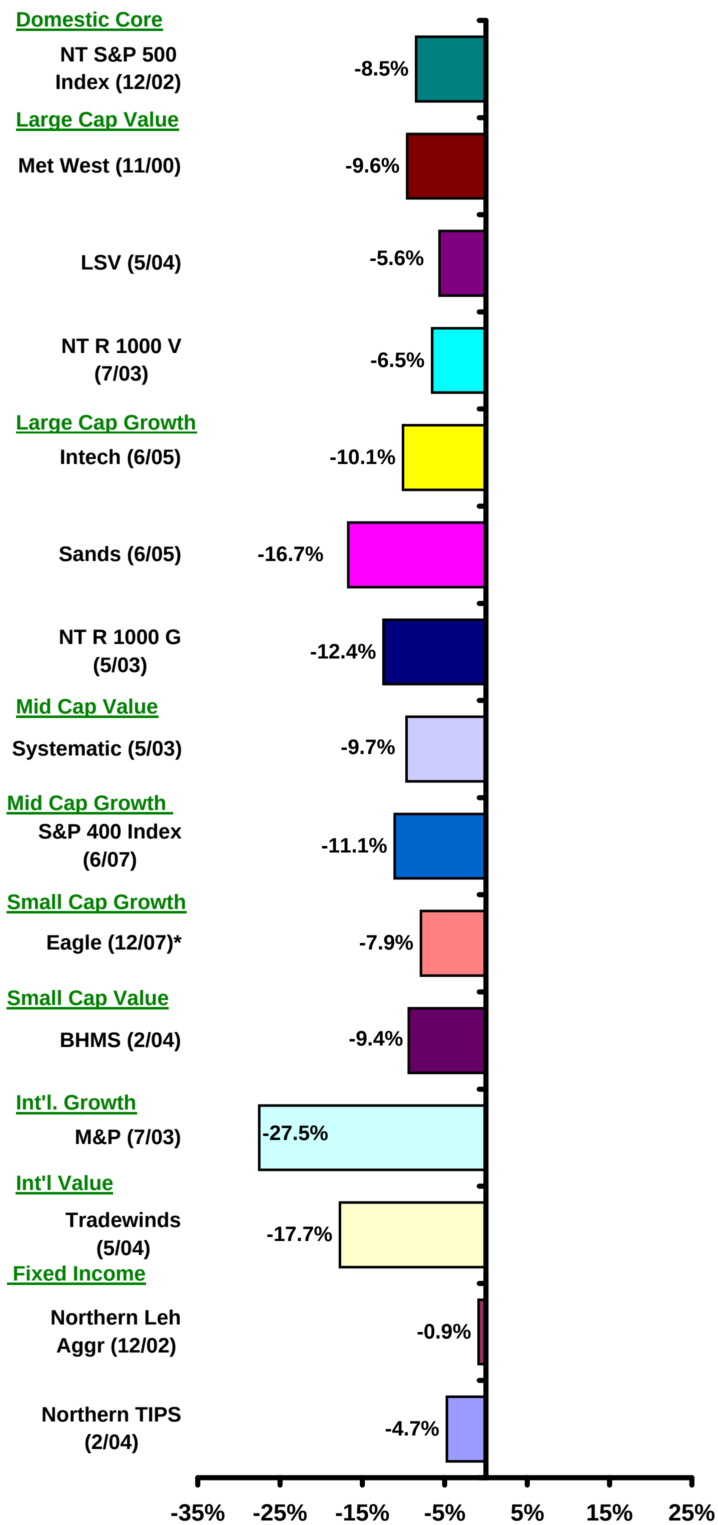
Endowment Fund Staff Comment:

For the month of September, the total fund was off 8.7%, 1.0% behind our benchmark. The Russell 3000 was down 9.4%, Russell Midcap down 12.2% and Russell 2000 down 8.0%. MSCI ACWI ex-US was off 15.0%. Bonds, as measured by the Lehman Aggregate index were off 1.3%. Value outperformed growth again this month. Two of nine active managers beat their benchmark.

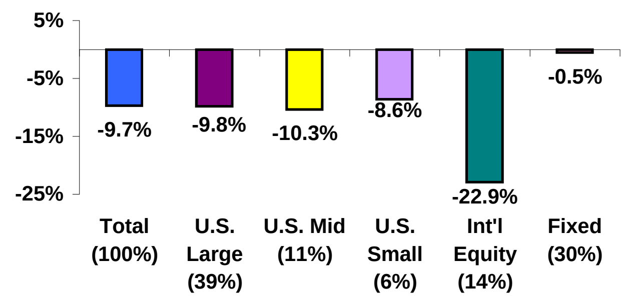
On a Fiscal YTD basis, the fund was 1.3% behind its benchmark with a total return of -9.7%. Six of nine active managers underperformed their benchmark.

Attached is a special quarter-end report which discusses the recent market turmoil.

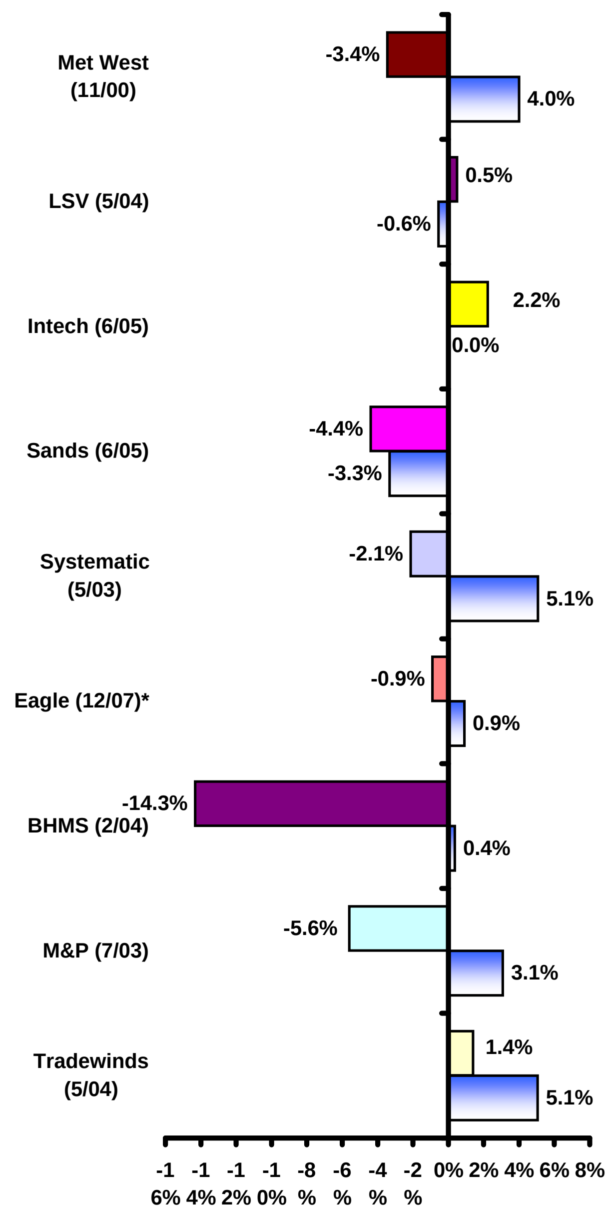
FYTD Manager Returns



Fiscal YTD Total Endowment Returns



FYTD Active Manager Relative Returns
3-Yr. Annualized Relative Returns*



* Inception to Date used when manager lacks a 3 yr. return

Third Quarter Review

The third quarter saw some extreme events:

- Government takeover of Freddie Mac and Fannie Mae
- Bankruptcy of Lehman, the sale of Merrill Lynch
- Government seizure of Washington Mutual's banking operations
- Bailout of AIG
- Merger of Wachovia with Citigroup
- Stalwart investment banks Morgan Stanley and Goldman Sachs receiving capital infusions
- U.S. Treasury announcing a plan to purchase $700 billion of illiquid securities
- U.S House voting down the plan, resulting in the largest single day point decline in the history of the DJIA.

There was a massive flight to quality in the fixed income market in the third quarter:

- For a couple days in late September, 90-day Treasury Bills sold for essentially 0% yield – something that hasn't happened since the Great Depression.
- The TED spread, the rate banks charge to lend to one another, sky-rocketed to a record high of 3.5% on September 29 (up 200 basis points from earlier in the month).
- Corporate bonds had a -6.4% return, more than offsetting a +1.1% return in Agency mortgage bonds and +2.3% return in the Lehman US Treasury index, resulting in a -0.5% overall return for the Lehman Aggregate for the quarter.

Domestic equity markets were disappointing in the third quarter:

- S&P 500 was down 8.4% for the quarter (-19.3 calendar YTD).
- The best performing S&P 500 sector was consumer staples (+4.1%) and the worst performing was energy (-25.0%).
- Large Cap Growth (-12.3%) underperformed Value (-6.1%)
- Small Cap equity returns were better (less worse?) at -1.1% (-13.3% calendar YTD)
- Small Cap Value outperformed Growth by an even wider margin with returns of +5.0% and -7.0% respectively.

International equity markets suffered worse than the U.S. in the third quarter:

- Developed markets returned -20.6% (-29.3% calendar YTD)
- Emerging markets were particularly hard hit, down 27.0% (-35.5% YTD).
- The dollar surged 10.8% versus the Euro and remained flat against the Yen.

Approved endowment distributions will not be affected.

Fortunately, the earnings reserves of the Idaho endowments, combined with continuing cash earned from endowment lands, are sufficient to absorb this kind of volatility, ensuring distributions for FY2009 and FY2010 will not be interrupted.

EFIB staff thanks Janet Becker-Wold of Callan associates for pulling together most of this information.